

SPECIAL CITY COUNCIL MEETING
MARCH 26, 1993

PRESENT

Don Dafoe	Mayor
Gayle Bunker	Council Member
Robert Droubay	Council Member
Rex Harris	Council Member

ABSENT

Robert Dekker	Council Member
Alan Burraston	Council Member
Richard Waddingham	City Attorney

OTHERS PRESENT

Dorothy Jeffery	City Recorder
Alan Riding	Asst. Public Works Director
Rita Byrd	Public Works Secretary
Deb Greathouse	Librarian
Kent Gordon	Coopers & Lybrand
Scott Nixon	Coopers & Lybrand
Judy Baker	City Treasurer
Jim Snow	Snow & Snow, P.C.

Mayor Dafoe called the meeting to order at 2:00 p.m. Dorothy Jeffery, City Recorder, acted as secretary. Mayor Dafoe stated that notice of the meeting time, place and agenda was posted at the principal office of the governing body located at 76 North 200 West and was provided to the Millard County Chronicle/Progress, KNAK Radio Station, and to each member of the City Council by personal delivery two days prior to the meeting.

BUSINESS

PUBLIC WORKS DIRECTOR NEIL FORSTER: BID AWARD FOR A TRACTOR, A 60-INCH HEAVY DUTY COMMERCIAL ROTARY CUTTER AND A TRIPLE K CULTIVATOR

In view of Public Works Director Neil Forster's absence, Mayor Dafoe asked Assistant Public Works Director Alan Riding to discuss a bid award for a Tractor, a 60-Inch Heavy Duty Commercial Rotary Cutter and a Triple K Cultivator.

Asst. Public Works Director Alan Riding presented and discussed the following results of a Bid Opening held Friday, March 19, 1993:

<u>Machinery</u>	<u>Bidder</u>	<u>Price</u>
40 H.P. Tractor	AG Center	17,391.85
	Farmers Supply	14,273.17
	Lovell, Inc.	14,749.00
	Peterson Tractor	16,739.00
60-Inch H.D. Commercial Rotary Cutter (72" John Deere)	AG Center	2,510.16
	Farmers Supply	1,997.20
	(Alt. Bid)	2,689.02
	Lovell, Inc.	2,250.00
	Peterson Tractor	2,487.00
Triple K. Cultivator (Danish Cultivator)	AG Center	1,467.00
	Farmers Supply	1,176.44
	Lovell, Inc.	1,375.00
	(Alt. Bid)	1,350.00
	Peterson Tractor	1,772.00

Mr. Riding reported that the apparent low bidder on the three pieces of equipment was Farmers Supply.

Following discussion, Council Member Gayle Bunker MOVED that the bid be awarded to Farmers Supply for a 40 H.P. Tractor in the amount of \$14,273.17 and for a 72 Inch John Deere Rotary Cutter in the amount of \$2,689.02 and we table approval of the Triple K Cultivator until the next Regular City Council Meeting. The motion was SECONDED by Council Member Rex Harris. Mayor Dafoe asked if there were any comments or questions regarding the motion. There being none, he called for a vote. The motion passed unanimously.

MAYOR DON DAFOE: SUNRISE ENGINEERING-DELTA MAIN STREET PROJECT PAY REQUEST-\$3,907

Mayor Dafoe explained that a recent pay request was submitted and paid to Sunrise Engineering. However, the total amount due of \$9,687 included a fee that had previously been paid. The correct amount now due and payable to Sunrise Engineering for work completed on the Delta Main Street Project is \$3,907.

Following brief discussion, Council Member Gayle Bunker MOVED that \$3,907 be approved for payment to Sunrise Engineering for work completed on the Delta Main Street Project. The motion was SECONDED by Council Member Robert Droubay. Mayor Dafoe asked if there were any comments or questions regarding the motion. There being none, he called for a vote. The motion passed unanimously.

COOPERS & LYBRAND: AUDIT REPORT FOR YEAR ENDED JUNE 30, 1992

Mayor Dafoe welcomed Scott Nixon & Kent Gordon, Coopers & Lybrand, and asked them to present the Audit Report for Year Ended June 30, 1992.

Kent Gordon reviewed in detail the Audit Report of Financial Statements for the Year Ended June 30, 1992, and Scott Nixon reviewed in detail the following Delta City Management Letter for June 30, 1992:

DRAFT

A. Accounting Policies and Procedures

The City's accounting policies and procedures are not formally documented.

We recommend that significant accounting policies and procedures be formalized in order to promote consistency in the recording of transactions, define areas of responsibility, establish reconciliation and review procedures, and minimize disruption during employee absence or turnover.

Management's Response:

B. General Ledger Accounts

Many of the City's general ledger accounts are not reconciled on a timely, periodic basis. At fiscal year end, all individual fund balances were unreconciled and transfers between accounts and funds were out of balance.

We recommend that general ledger accounts be reconciled and reviewed on a monthly basis. Such procedures will identify errors on a timely basis, ensure the accuracy and completeness of accounts, and maintain the integrity and balancing of each fund.

Management's Response:

DRAFT

C. Computer System

The City's computer system appears to be overly cumbersome, complex, and inflexible. The software is not tailored to the governmental (fund accounting) environment and is expensive to modify. The computer system does not produce timely information which management needs to make informed decisions.

We recommend that the City perform an analysis to determine whether it is more cost effective to:

- a) continue modifying the current system to meet the City's needs, or,
- b) acquire an alternative "canned" software system that is compatible with the City's needs and resources.

Management's Response:

D. Employee Leave

The City's current method of tracking employee leave results in inaccurate and incomplete calculations of benefits.

We recommend that the tracking of employee leave be integrated with the payroll system to reduce administrative burden, improve accuracy, and ensure compliance with the City's leave policy.

Management's Response:

E. Accounting for Fixed Assets

The City does not maintain a detailed listing of each fixed asset, the accompanying cost, the date of purchase, and the estimated useful life. Fixed asset additions and retirements and the related gains and losses are frequently recorded inaccurately. Fixed assets in the Enterprise Fund are not depreciated throughout the year.

We recommend that the City conduct an inventory of its fixed assets in order to prepare a complete detail of individual fixed assets. Thereafter, fixed assets should be counted and compared to the accounting records on a regular basis to ensure assets are properly accounted for. This can be done efficiently through cycle counts.

Furthermore, procedures should be implemented which ensure that all fixed asset additions, retirements and depreciation (when applicable) are recorded on a timely basis.

Management's Response:

F. Accounts Receivable and Accounts Payable Accruals

Various accounts receivable and accounts payable existing at the City's fiscal year end had not been recorded prior to completion of the audit.

In order to effectively manage the City's resources, management should be aware of all such resources and creditors' claims upon its assets. We recommend that the City implement procedures to ensure that all accounts receivable and accounts payable be accurately recorded in a timely manner.

Management's Response:

DRAFT

G. Supplies Inventory

The physical inventory of the City's supplies was taken in October 1992 rather than at the City's fiscal year end.

We recommend that the physical inventory be performed at the City's fiscal year end or other date to coincide with the City's financial statement closings.

Management's Response:

H. Library Trust Fund

No formal trust agreement exists for the City's library trust fund. As a result, the terms of the trust may be subject to misinterpretation and misunderstanding.

We recommend that the trust agreement be formalized in writing.

Management's Response:

I. Timely Closing of Books

The City does not close its books in a regular or timely manner. As a result, reliable financial information is not available for decision making purposes. The City can not efficiently make necessary business decisions without timely and reliable financial information.

We recommend that the City consider obtaining adequate training in the closing and review process to enable timely monthly closing. The City should also consider an external review process for an extended period of time to ensure closings are accurate and timely.

Management's Response:

DRAFT

J. Support for Disbursements

The cash disbursements records in the City's files are not always supported by invoices or other appropriate supporting documentation.

We recommend that invoices and/or other supporting documents be attached to all check copies, proper approval documented and that such items be maintained in the City's files.

Management's Response:

K. Single Audit Compliance

C&L noted the following matters of noncompliance relating to the federal and state single audits:

Federal General Requirements

Drug-Free
Work Place

The City has no published policy statement.

The City does not have a drug awareness program.

Administrative
Requirements

The City earned \$111 interest on grant advances during the fiscal year ended June 30, 1992 and failed to remit the excess (over the \$100 allowed) to the FAA.

Federal Specific Requirements

Special Reporting
Requirements

The City has no controls to monitor or ensure timely filing of Construction progress and/or inspection reports.

Federal Specific Requirements**Special Reporting
Requirements**

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**Special Tests
& Provisions**

The City has no controls to ensure that revenues generated by the airport are spent for the capital or operating costs of the airport.

**Airport Improve-
ment Assurances**

The City has no controls to monitor or ensure compliance with certain "assurances" required by the airport improvement grant.

State Requirements**Budgetary
Compliance**

Actual expenditures in the General and Debt Service funds exceeded the final budgeted amounts.

The accumulated fund balance in the general fund exceeds 18% of the estimated (budgeted) revenue.

**Justice Courts
Compliance**

Court receipts are not always deposited within seven days.

**B & C Road
Funds**

For the fiscal year ended June 30, 1992 the City did not submit the Class C road fund compliance report to the state within six months after the fiscal year end.

**Other General
Compliance**

The City has not filed an annual report on "Designated Classifications" with the State Archives.

DRAFT

Noncompliance with Federal and State requirements can result in lost funding or even required repayment of previous grants. Alternatively, the granting agency could require the City take action to bring the City into compliance with the requirements.

We recommend that the City adopt control procedures to monitor and ensure compliance with federal and state regulatory requirements.

Management's Response:

OTHER BUSINESS

Alan Riding was in attendance and discussed two bids received on a backstop for the Neighborhood Park. The bids received are as follows:

Acme Fence	\$9,122 (included \$240 sales tax) delivery and installation time - two weeks.
United Fence	\$8,400 delivery and installation time - 30 to 45 days.

Council Member Robert Droubay suggested that dugouts not be installed behind the fence.


Mayor Dafoe suggested that two bleachers be ordered for the Neighborhood Park.

Although United Fence is the low bidder, due to Baseball starting time, Mr. Riding was instructed to contact Acme Fence to see if they would match the low bid and to see if the backstop and fence (without dugout) could be installed within three weeks.

Mayor Dafoe asked if there were any comments, questions or items to be discussed. There being none, Council Member Gayle Bunker MOVED to adjourn. The motion was SECONDED by Council Member Robert Droubay. Mayor Dafoe asked if there were any comments or questions regarding the motion. There being none, he called for a vote. The motion passed unanimously. Mayor Dafoe declared the meeting adjourned at 4:45 p.m.



DON DAFOE, Mayor



DOROTHY JEFFERY
Delta City Recorder

MINUTES APPROVED: RCCM 4-12-93